

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

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OFFICE  
EXECUTIVE SECRETARY

IN RE: GASCO DISTRIBUTION )  
SYSTEMS ACTUAL ADJUSTMENT )  
(ACA) AUDIT ) DOCKET NO. 00-00998  
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**REVISED SETTLEMENT AGREEMENT**

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The purpose of this document is to present a revised settlement among the parties to the above-captioned show cause proceeding. This filing is intended to supercede the "Proposed Settlement Agreement" filed on July 20, 2001.

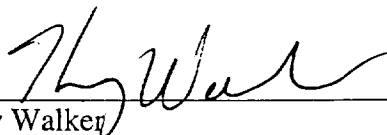
During the period from November 19, 1999 through June 30, 2000, Gasco Distribution Systems, Inc. ("Gasco") failed to timely implement an ACA price reduction as required by the Authority's rules. The Staff and the Consumer Advocate Division of the Attorney General's office have requested --- and Gasco has agreed to pay --- a fine of \$12,500 subject to the following conditions. Of that amount, \$5,000 of the fine is due and payable on or before March 31, 2002. The remainder of the fine (\$7,500) would be suspended pending Gasco's continuing compliance with all TRA rules and orders for a probationary period of three years, beginning July 1, 2001, and continuing until July 1, 2004. The entire amount of the suspended fine would become immediately due and payable thirty days (30) following the entry of a final order which finds that Gasco has not complied with the Authority's rules or orders. The suspended fine will be forgiven upon demonstration of full compliance throughout the entire probationary period.

The parties recognize that Gasco also failed to timely implement an ACA price reduction as required by the Authority's rules for the period of July 1, 2000 to Nov. 30, 2000. The parties agree, however, that Gasco's failure to implement the ACA price reduction for that period will not, in and of itself, result in the issuance of a second Show Cause proceeding against Gasco, or otherwise trigger the provisions of this settlement agreement. In the event, however, Gasco subsequently violates any TRA rule or order, the Authority, Staff counsel and/or the Attorney General's office, through the Consumer Advocate and Protection Division, may seek any fines and all other appropriate remedies related to Gasco's failure to implement the ACA price reduction during that period. Gasco reserves the right to assert all appropriate defenses.

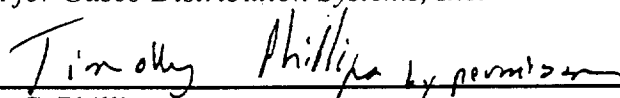
Although not a condition of the Revised Settlement, the parties took into consideration the fact that Gordon Brothers, the company's chief financial officer and the individual responsible for Gasco's compliance with the TRA's rules and orders is no longer employed by the company. According to Fred Steele, president of Gasco, the principal reason for Mr. Brother's departure was his repeated failure to file reports at the TRA and at other state regulatory commissions on a timely basis and to otherwise follow the agency's rules.

Respectfully submitted,

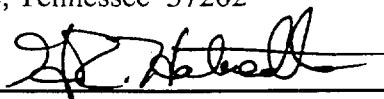
BOULT, CUMMINGS, CONNERS & BERRY, PLC

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